DOCUMENT RESUME

ED 213 465 JC 820 083

TITLE A Simulation of the Enrollment and Revenue Effects of a $50 Annual Fee Increase at the California Community Colleges.
INSTITUTION California State Postsecondary Education Commission, Sacramento.
PUB DATE May 81
NOTE 8p.

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Community Colleges; Declining Enrollment; *Educational Finance; Educational Planning; Enrollment Influences; *Enrollment Projections; Federal Aid; *Simulation; State Aid; *Student Costs; Student Financial Aid; Two Year Colleges; *Two Year College Students
IDENTIFIERS *California

ABSTRACT

In order to assess the effects of various student charge options, the California Postsecondary Education Commission developed a computer model which can be applied to public higher education in California. Using this model, a simulation was conducted to predict the enrollment and revenue effects of a $50 annual fee increase at California community colleges. The simulation, based on Reagan administration proposals to reduce appropriations to the Basic Educational Opportunity Grants (BEOG) program, utilized four assumptions: (1) a $50 annual registration fee for students enrolling for six hours or more per semester and a $30 registration fee for those enrolling for less than six hours; (2) additional state financial aid for BEOG-eligible students to cover the amount of fee increases; (3) state general fund declines of $1,275 per ADA (Average Daily Attendance) for enrollment losses; and (4) May 1981 proposals for BEOG program cuts. Projections from the simulation indicate that the community colleges would lose 31,041 students (i.e., 2.5% of all students) with a fee increase of this magnitude; that 26,086 of the students would be enrolled for less than six units and would not be eligible for student aid; that few low-income students enrolled for more than six units would fail to attend because of the registration fee, but that 15,208 low-income students enrolled for six units or less would probably not enroll. (HB)

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ED213465

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California Postsecondary Education Commission

1981

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JC 820083

A SIMULATION OF THE ENROLLMENT AND REVENUE EFFECTS OF A $50 ANNUAL FEE INCREASE AT THE CALIFORNIA COMMUNITY COLLEGES

Prepared by the Staff of the California
Postsecondary Education Commission
May 1981

GENERAL DESCRIPTION OF THE PREDICTION MODEL

In order to assess the effects of various student charge options, the California Postsecondary Education Commission has developed a computer model which can be applied to public higher education in California. Based on three years of research and refinement, the model differentiates between residents and non-residents, full-time and part-time students, lower division, and upper division, master's degree, Ph.D. degree, health science professional, and "other" professional students, low-, middle-, and high income students. The model includes data from major, existing student aid programs, including Cal Grants and BEOGs, and calculates the change in aid after an increase in charges when the program is an entitlement. The model also incorporates the State's funding formulas for the three segments by subtracting support dollars, according to current formulas.

ASSUMPTIONS IN THE SIMULATION

CALIFORNIA COMMUNITY COLLEGES

(1) A $50 annual registration fee for students enrolling for 6 hours or more per semester and a $30 registration fee for those enrolling for less than 6 hours in the Community Colleges.

(2) Additional State Financial Aid to cover the amount of fee increase for BEOG-eligible students that is not provided by the federal government through BEOG. In the case of the Community Colleges, this State aid would probably be provided through a fee waiver for needy students.

(3) State General Fund delines of $1,275 per ADA for enrollment losses.

(4) This simulation is based on proposals by the Reagan administration for reductions in the BEOG program as of May 1981. (The actual BEOG cuts enacted by Congress took a markedly different form, primarily by reducing all grants by $80. The actual reductions would probably have had a more serious impact on low income students than the Administration's proposal which is simulated here.)

GENERAL OBSERVATIONS

Projections indicate that the Community Colleges would lose 31,041 students with a $50 per year registration fee, if the State provided additional financial aid for BEOG-eligible students. The vast majority of these students (26,086) are currently enrolled for less than 6 units and are not eligible for student aid. Projections also indicate that very few low-income students who are enrolled for more than 5 units would fail to attend because of the registration fee. However, projections show that 15,208 low-income students, who are enrolled currently for 6 units or less, would probably not enroll.

AN ASSESSMENT OF THE IMPACT OF STUDENT CHARGES ON ENROLLMENTS AND REVENUES IN PUBLIC HIGHER EDUCATION

California Postsecondary Education Commission

Fee Level Assumptions: $50 per year for resident sutdents enrolling for 6.1 units or more.
$30 per year for resident students enrolling for 6.0 units or less.

Date: 5/27/81

Student Category	Current Enrollment 1979-80	Headcount Loss	Tuition Revenue $ millions	Enrollment-Related Budget Reductions $ millions (-$1,275 per ADA)	Student Aid Needed millions $	Net Enrollment Loss	Net Tuition Revenue millions $	Net Enrollment-Related Budget Reductions millions $ (-$1,275 per ADA)
Resident, Full-time (over 12 units)	324,614	4,750	$15.993	$6.072	$2.401	2,159	$13.722	$2.760
Resident, 6.1 to 11.9 units	225,982	11,850	$10.707	$8.964	$6.254	2,796	$ 4.905	$2.115
Resident, less than 6.0 units	697,921	26,086	$20.155	$7.650	-0-	26,086	$20.155	$7.650
Total [1]	248,517	42,686 (3.4%)	$46.855	$22.686	$8.655	31,041 (2.5%)	$38.782	$12.525

Excludes non-credit enrollments.
Federal Pell Grants Assume Reductions Proposed by the Reagan Administration (5/81)

SIMULATION OF THE EFFECTS OF A $50/$30 FEE
AT THE CALIFORNIA COMMUNITY COLLEGES

By Income Level of Student

$50 per year fee	Resident, Full-time (12 or more units)	Headcount Loss Without State Aid	Headcount Loss With State Aid	Total Numbers of Students Currently Enrolled
	Low Income	508	10	121,406
	Middle Income	2,381	288	103,876
	High Income	1,861	1,861	99,332
$50 per year fee	Resident , 6.1 to 11.9 units			
	Low Income	6,128	123	84,517
	Middle Income	3,414	365	72,315
	High Income	2,308	2,308	69,150
$30 per year fee	Resident, Less than 6.0 units .			
	Low Income	15,208	15,208	261,022
	Middle Income	6.621	6,621	223,335
	High Income	4,257	4,257	213,564
	Totals	42,686	31,041	1,248,517

California Postsecondary Education Commission
May 24, 1981

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